

GULF WAREHOUSING COMPANY Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2017

Gulf Warehousing Company Q.P.S.C.

**Condensed consolidated interim financial statements
For the three month period ended 31 March 2017**

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Independent auditors' report on review of condensed consolidated interim financial statements

To the Board of Directors of Gulf Warehousing Company Q.P.S.C.
Doha, State of Qatar

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Gulf Warehousing Company Q.P.S.C. (the "Company") as at 31 March 2017, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the interim financial statements (the "condensed consolidated interim financial statements"). The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 31 March 2017 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

18 April 2017
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Auditor's Registration No.251

Gulf Warehousing Company Q.P.S.C.

Condensed consolidated statement of financial position

As at 31 March 2017

In Qatari Riyals

	Notes	31 March 2017 (Reviewed)	31 December 2016 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,448,542,915	1,462,910,948
Projects in progress	7	1,153,203,621	1,096,436,581
Investment property	8	37,115,833	37,115,833
Intangible assets		124,416,413	126,252,975
		2,763,278,782	2,722,716,337
Current assets			
Inventories		10,533,217	8,717,242
Trade and other receivables	9	479,955,216	521,320,680
Cash and cash equivalents	10	445,485,700	488,636,917
		935,974,133	1,018,674,839
Total assets		3,699,252,915	3,741,391,176
EQUITY AND LIABILITIES			
Equity			
Share capital	11	586,031,480	586,031,480
Legal reserve		552,506,803	552,506,803
Retained earnings		337,464,050	380,706,676
Equity attributable to owners of the Company		1,476,002,333	1,519,244,959
Non-controlling interests		(3,681,223)	(3,681,223)
Total equity		1,472,321,110	1,515,563,736
Liabilities			
Non-current liabilities			
Bank loans	13	1,679,857,435	1,681,967,270
Provision for employees' end of service benefits		29,177,933	26,507,473
		1,709,035,368	1,708,474,743
Current liabilities			
Bank loans	13	231,519,603	193,956,482
Trade and other payables		286,376,834	323,396,215
		517,896,437	517,352,697
Total liabilities		2,226,931,805	2,225,827,440
Total equity and liabilities		3,699,252,915	3,741,391,176

This condensed consolidated interim financial statements was approved by the Company's Board of Directors and were signed on its behalf on 18 April 2017 by:

Abdulla Fahad J J Al Thani
Chairman

Fahad Hamad J J Al Thani
Vice Chairman

The notes on pages 6 to 15 form an integral part of this condensed consolidated interim financial statements.

Gulf Warehousing Company Q.P.S.C.

Condensed consolidated statement of profit or loss and other comprehensive income

For the three month period ended 31 March 2017

In Qatari Riyals

	Notes	For the three month period ended	
		31 March 2017 (Reviewed)	31 March 2016 (Reviewed)
Revenue	15	222,775,601	220,208,915
Direct costs	16	<u>(143,466,345)</u>	<u>(144,444,177)</u>
Gross profit		79,309,256	75,764,738
Other income		3,776,873	4,623,345
Administrative and other expenses	16	<u>(24,796,761)</u>	<u>(26,199,203)</u>
Operating profit		58,289,368	54,188,880
Finance income		2,478,168	1,717,350
Finance costs		<u>(10,245,125)</u>	<u>(9,352,946)</u>
Net finance costs		(7,766,957)	(7,635,569)
Profit for the period		50,522,411	46,553,284
Other comprehensive income		-	-
Total comprehensive income for the period		50,522,411	46,553,284
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		<u>50,522,411</u>	<u>46,553,284</u>
Basic and diluted earnings per share	17	0.86	0.82

The notes on pages 6 to 15 form an integral part of this condensed consolidated interim financial statements.

Gulf Warehousing Company Q.P.S.C.

Condensed consolidated statement of changes in equity For the three month period ended 31 March 2017

In Qatari Riyals

	Share capital	Shares subscribed but not yet issued	Legal reserve(1)	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the Company						
Balance at 1 January 2016 (Audited)	475,609,750	429,361,153	237,804,875	268,087,040	1,410,862,818	(3,681,223)	1,407,181,595
<i>Total comprehensive income for the period:</i>							
Profit for the period	-	-	-	46,553,284	46,553,284	-	46,553,284
<i>Transaction with owners of the Company:</i>							
Dividends (Note 12)	-	-	-	(87,904,707)	(87,904,707)	-	(87,904,707)
<i>Other movements:</i>							
Issue of ordinary shares – Right issue	110,421,730	(425,123,658)	314,701,928	-	-	-	-
Excess rights refunded to share holders	-	(4,237,495)	-	-	(4,237,495)	-	(4,237,495)
Balance at 31 March 2016 (Reviewed)	586,031,480	-	552,506,803	226,735,617	1,365,273,900	(3,681,223)	1,361,592,677
Balance at 1 January 2017 (Audited)	586,031,480	-	552,506,803	380,706,676	1,519,244,959	(3,681,223)	1,515,563,736
<i>Total comprehensive income for the period:</i>							
Profit for the period	-	-	-	50,522,411	50,522,411	-	50,522,411
<i>Transaction with owners of the Company:</i>							
Dividends (Note 12)	-	-	-	(93,765,037)	(93,765,037)	-	(93,765,037)
Balance at 31 March 2017 (Reviewed)	586,031,480	-	552,506,803	337,464,050	1,476,002,333	(3,681,223)	1,472,321,110

(1) In accordance with Qatar Commercial Companies Law No. 11 of 2015, an amount equal to 10% of the net profit for the year of every company incorporated in the State of Qatar is required to be transferred to a legal reserve account until such time the balance of the legal reserve account of such a company reaches 50% of its paid up share capital. Share premium collected from the issuance of new shares is also transferred to the legal reserve. The legal reserve is not available for distribution, except in circumstances specified in the above mentioned Law.

The notes on pages 6 to 15 form an integral part of this condensed consolidated interim financial statements.

Gulf Warehousing Company Q.P.S.C.

Condensed consolidated statement of cash flows

For the three month period ended 31 March 2017

In Qatari Riyals

	Notes	For the three month period ended	
		31 March 2017 (Reviewed)	31 March 2016 (Reviewed)
Cash flows from operating activities			
Profit for the period		50,522,411	46,553,284
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	16	25,737,683	25,126,293
Amortisation of intangible assets	16	1,836,562	1,517,698
(Reversal of provision) / provision made for impairment of trade receivables	9	(1,678,000)	376,333
Profit on sale of property, plant and equipment		(100,000)	(670,426)
Provision for employees' end of service benefits		3,426,066	1,554,952
Finance income		(2,478,168)	(1,717,350)
Finance costs		10,245,125	9,352,946
		<u>87,511,679</u>	<u>82,093,730</u>
<i>Change in:</i>			
-Inventories		(1,815,975)	(151,578)
-Trade and other receivables		40,785,240	(27,177,419)
-Trade and other payables		<u>(37,121,698)</u>	<u>19,400,401</u>
Cash generated from operating activities		89,359,246	74,165,134
Employees' end of service benefits paid		<u>(755,606)</u>	<u>(507,797)</u>
Net cash from operating activities		<u>88,603,640</u>	<u>73,657,337</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(5,863,450)	(10,234,783)
Proceeds from sale of property, plant and equipment	6	100,000	2,255,000
Additions to projects in progress		(62,273,240)	(182,432,549)
Finance income received		4,736,392	1,717,350
Net cash used in investing activities		<u>(63,300,298)</u>	<u>(188,694,982)</u>
Cash flows from financing activities			
Proceeds from bank loans		65,896,658	136,935,661
Repayment of bank loans		(30,443,372)	(14,798,622)
Finance costs paid		(10,142,808)	(8,669,178)
Excess rights refunded to shareholders		-	(4,237,495)
Dividends paid to the Company's shareholders	12	<u>(93,765,037)</u>	<u>(87,904,707)</u>
Net cash used in financing activities		<u>(68,454,559)</u>	<u>21,325,659</u>
Net decrease in cash and cash equivalents		<u>(43,151,217)</u>	<u>(93,711,986)</u>
Cash and cash equivalents at 1 January		<u>488,636,917</u>	<u>586,450,755</u>
Cash and cash equivalents at 31 March	10	<u>445,485,700</u>	<u>492,738,769</u>

The notes on pages 6 to 15 form an integral part of this condensed consolidated interim financial statements.

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2017

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Gulf Warehousing Company Q.P.S.C. (the "Company") is incorporated in accordance with the provisions of the Qatar Commercial Companies Law No. 11 of 2015 as a Qatari Shareholding Company, and was registered with the Ministry of Economy and Commerce of the State of Qatar with the Commercial Registration number 27386 dated 21 March 2004. The Company's shares are listed on the Qatar Stock Exchange since 22 March 2004. The Company is domiciled in the State of Qatar, where it also has its principal place of business. Its registered office is at D ring road, building number 92, Doha, State of Qatar.

The condensed consolidated interim financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group").

The principal activities of the Group which have not changed since the previous period are the provision of logistics (warehousing, inland transportation of goods for storage, international moving and relocation, express courier and records management) and freight forwarding (land, sea or air) services.

The details of Group's operating subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Nature of business	Group effective shareholding %	
			31 March 2017	31 December 2016
Agility W.L.L.	State of Qatar	Logistics and transportation	100%	100%
GWC Global Cargo & Transport L.L.C.	United Arab Emirates	Warehousing and transportation	100%	100%
GWC Logistic S.P.C.	Kingdom of Bahrain	Operation and management of general warehouse	100%	100%

The Group also has the following non-operational subsidiaries:

Name of subsidiary	Country of incorporation	Nature of business	Group effective shareholding %	
			31 March 2017	31 December 2016
GWC Chemicals W.L.L.	State of Qatar	Chemical trading and transportation	100%	100%
GWC Food Services W.L.L.	State of Qatar	Trading food	100%	100%
Imdad Sourcing & Logistic Group W.L.L.	State of Qatar	Trading food and other consumables	51%	51%
GWC Saudi Arabia – Branches in Riyadh, Dammam & Jeddah	Kingdom of Saudi Arabia	Preparation, development and management of warehouses	100%	100%
Gulf Warehousing Company Limited	Republic of Nigeria	Warehousing and transportation	100%	100%
GWC Marine Services	State of Qatar	Marine services	100%	100%
GWC Express	State of Qatar	Courier services	100%	100%

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2017

2. BASIS OF ACCOUNTING

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", and should be read in conjunction with the Group last annual consolidated financial statements as at and for the year ended 31 December 2016 (the "last annual financial statements"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

These condensed consolidated interim financial statements were authorised for issue by the Company's Board of Directors on 18 April 2017.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual financial statements.

Measurement of fair values

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: Quoted market price (unadjusted) in active markets for an identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Management believes that as at the reporting date the fair values of the Group's financial assets and liabilities approximated their carrying amounts.

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2017

4. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the last annual financial statements.

Changes in accounting policies

During the current period, the Group adopted the below amendments and improvements to the International Financial Reporting Standards that are effective for annual periods beginning on 1 January 2017:

- *Amendments to IAS 7 "Disclosure Initiative"*
- *Amendments to IAS 12 on recognition of deferred tax assets for unrealised losses*
- *Annual improvements to IFRSs 2014-2016 cycle-various standards*

The adoption of the above amendments and improvements to standards had no significant impact on the condensed consolidated interim financial statements.

5. OPERATING SEGMENTS

The Group has three strategic divisions, which are reportable segments. These divisions offer different services, and are managed by the Group separately for the purpose of making decisions about resource allocation and performance assessment.

The following summary describes the operations of each reportable segment:

Reportable segments	Operations
Logistics operations	Storage, handling, packing and transportation
Freight forwarding	Freight services through land, air and sea
Others	Trading

The Group's Chief Executive Officer reviews the internal management reports of each division at least quarterly.

There are varying level of integration between the Logistics and Freight forwarding segments. Inter-segment pricing is determined on an arm's length basis.

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2017

In Qatari Riyals

5. OPERATING SEGMENTS (CONTINUED)

The following table presents revenue and profit information regarding the Group's operating segments for the three-month period ended 31 March 2017:

Revenue / profit	Logistic operations		Freight forwarding		Others		Total	
	For the three month period ended 31 March		For the three month period ended 31 March		For the three month period ended 31 March		For the three month period ended 31 March	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Segment revenue	<u>146,001,319</u>	<u>146,947,331</u>	<u>76,774,282</u>	<u>73,261,584</u>	<u>-</u>	<u>-</u>	<u>222,775,601</u>	<u>220,208,915</u>
Segment profit	<u>40,399,479</u>	<u>37,368,892</u>	<u>4,049,449</u>	<u>3,541,758</u>	<u>6,073,483</u>	<u>5,642,634</u>	<u>50,522,411</u>	<u>46,553,284</u>

The following table presents the assets and liabilities of the Group's operating segments as at 31 March 2017:

	Logistic operations		Freight forwarding		Others		Total	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2017	2016	2017	2016	2017	2016	2017	2016
	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)
Segment assets	<u>3,079,897,145</u>	<u>3,115,927,732</u>	<u>169,912,924</u>	<u>175,690,462</u>	<u>449,442,846</u>	<u>449,772,982</u>	<u>3,699,252,915</u>	<u>3,741,391,176</u>
Segment liabilities	<u>2,063,489,154</u>	<u>2,064,371,970</u>	<u>77,927,935</u>	<u>75,667,034</u>	<u>85,514,716</u>	<u>85,788,436</u>	<u>2,226,931,805</u>	<u>2,225,827,440</u>

6. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the three months ended 31 March 2017, the Group acquired assets with a cost of QR 5,863,450 (three months ended 31 March 2016: QR 10,234,783) to meet increased business requirements of the Group. Also, assets amounting to QR 5,506,200 were transferred from "Projects in progress" for the equipment racking system in Logistics Village Qatar (LVQ).

Disposals

During the three months ended 31 March 2017, the Group disposed assets with a cost of QR 1,262,786 having nil carrying value resulting to a profit on disposal of QR 100,000 (three months ended 31 March 2016: the disposed assets with a cost of 17,502,918 having carrying value amounting to QR 1,584,574 for a total of QR 2,255,000 resulting to a profit on disposal of QR 670,426).

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2017

In Qatari Riyals

7. PROJECTS IN PROGRESS

Project in progress represents the cost of assets under construction that are not available for use as at the reporting date. These assets comprise mainly the construction of the Logistics Village Qatar (LVQ) Phase V and Bu-sulba Project. Upon completion, these assets will be used for providing logistics services and will be reclassified accordingly.

The amount of borrowing costs capitalized during the three month period ended 31 March 2017 was QR 9,351,965 (31 March 2016: QR 2,337,094). The weighted average rate used to determine the amount of borrowing costs eligible for capitalization was 3.60% per annum, which is the effective interest rate of the specific borrowing.

Some of the assets under project in progress are secured against term loans. Refer to Note 13 for details.

8. INVESTMENT PROPERTY

	Land	Building	Total
At 1 January 2016	120,443,145	65,809,125	186,252,270
Fair value gains	-	357,761	357,761
Reclassified to property, plant and equipment (1)	<u>(120,443,145)</u>	<u>(29,051,053)</u>	<u>(149,494,198)</u>
At 31 December 2016 (Audited) / 31 March 2017 (Reviewed)	<u>-</u>	<u>37,115,833</u>	<u>37,115,833</u>

- (1) On 1 January 2016 the Group occupied significant additional portions of land at Project "MIC", "Street 2" and Project "Street 43" that were previously substantially leased to third parties under finance lease agreements for own use. The owner-occupation of the Projects increased to a level construed by the management of the Company as significant based on its interpretation of the provisions of the International Accounting Standard 40 resulting therefore to a change in the use of land which necessitated the reclassification of the whole carrying value of land and buildings of these Projects from investment property to property, plant and equipment.

9. TRADE AND OTHER RECEIVABLES

	31 March 2017 (Reviewed)	31 December 2016 (Audited)
Trade receivables	311,443,448	310,471,651
Less: Provision for impairment of trade receivables (1)	<u>(20,478,970)</u>	<u>(22,156,970)</u>
Trade receivables, net	290,964,478	288,314,681
Advances to suppliers	76,555,922	80,954,767
Accrued revenue	16,849,010	47,711,233
Prepayments	78,492,680	88,155,592
Other receivables	<u>17,093,126</u>	<u>16,184,407</u>
	<u>479,955,216</u>	<u>521,320,680</u>

The Group has not disclosed the fair values of its trade receivables, other receivables, bank balances (including loans and borrowings), trade payables and other payables, because their carrying amounts are a reasonable approximation of their fair values.

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2017

In Qatari Riyals

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

(1) The movements in the provision for impairment of trade receivables were as follows:

	31 March 2017 (Reviewed)	31 December 2016 (Audited)
Balance at 1 January	22,156,970	20,880,637
(Reversal of provision) / provision made (Note 16)	<u>(1,678,000)</u>	<u>1,276,333</u>
Balance as at 31 March / 31 December	<u>20,478,970</u>	<u>22,156,970</u>

10. CASH AND CASH EQUIVALENTS

	31 March 2017 (Reviewed)	31 December 2016 (Audited)
Cash in hand	1,272,181	1,220,897
Bank balance - current accounts	103,980,710	82,003,667
Cash at bank - deposit account (1)	325,000,000	395,000,000
Bank balance – restricted deposit accounts (2)	<u>15,232,809</u>	<u>10,412,353</u>
	<u>445,485,700</u>	<u>488,636,917</u>

(1) Deposits with an original maturity of less than 90 days are made for varying periods depending on the immediate cash requirements of the Group at commercial market rates.

(2) The restricted deposit accounts represent the dividend declared but not yet claimed by the shareholders.

11. SHARE CAPITAL

	31 March 2017 (Reviewed)	31 December 2016 (Audited)
In issue at 1 January	586,031,480	475,609,750
Issue of ordinary shares – Right issued	<u>-</u>	<u>110,421,730</u>
In issue at 31 March / 31 December – fully paid	<u>586,031,480</u>	<u>586,031,480</u>
Authorised – par value QR 10	<u>58,603,148</u>	<u>58,603,148</u>

12. DIVIDENDS

A dividend of QR 93,765,037 (QR 1.6 per share) was proposed by the Board of Directors in respect of the Group profit for the year ended 31 December 2016, which was approved by the Company's shareholders at the Company's Annual General Meeting held on 30 January 2017.

A dividend of QR 87,904,707 (QR 1.5 per share) was proposed by the Board of Directors in respect of the Group profit for the year ended 31 December 2015, which was approved by the Company's shareholders at the Company's Annual General Meeting held on 14 February 2016.

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2017

In Qatari Riyals

13. BANK LOANS

	31 March 2017	31 December 2016
	(Reviewed)	(Audited)
LVQ term loans	1,054,600,540	1,080,742,114
Bu-sulba term loans	761,181,023	695,497,396
Other project loans	70,380,240	70,670,765
Other term loans	25,215,235	29,013,477
	<u>1,911,377,038</u>	<u>1,875,923,752</u>

The bank loans are presented in the condensed consolidated statement of financial position as follows:

	31 March 2017	31 December 2016
	(Reviewed)	(Audited)
Current portion	231,519,603	193,956,482
Non-current portion	1,679,857,435	1,681,967,270
	<u>1,911,377,038</u>	<u>1,875,923,752</u>

14. RELATED PARTIES

The details of transactions and the balances with related parties were as follows:

Related party transactions

Transactions with related parties included in the income statement are as follows:

		For the three month period ended	
Nature of transactions		31 March 2017	31 March 2016
		(Reviewed)	(Reviewed)
Agility network	Revenue	<u>6,356,222</u>	<u>1,447,037</u>
Agility network	Purchase of services	<u>5,484,731</u>	<u>7,325,402</u>

Related party balances

Balances with related parties included in the condensed consolidated statement of financial position under trade and other receivables and trade and other payables are as follows:

	31 March 2017	31 December 2016
	(Reviewed)	(Audited)
Receivable from Agility network	<u>3,494,301</u>	<u>8,653,901</u>
Payable to Agility network	<u>3,519,304</u>	<u>4,749,971</u>

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2017

In Qatari Riyals

14. RELATED PARTIES (CONTINUED)

Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	For the three month period ended	
	31 March 2017	31 March 2016
	(Reviewed)	(Reviewed)
Short-term benefits	<u>510,000</u>	510,000
Employees' end of service benefits	<u>20,942</u>	<u>20,942</u>

15. REVENUE

	For the three month period ended	
	31 March 2017	31 March 2016
	(Reviewed)	(Reviewed)
Logistic operations	146,001,319	146,947,331
Freight forwarding	<u>76,774,282</u>	<u>73,261,584</u>
	<u>222,775,601</u>	<u>220,208,915</u>

16. EXPENSES BY NATURE

	For the three month period ended	
	31 March 2017	31 March 2016
	(Reviewed)	(Reviewed)
Logistic costs	10,959,135	15,385,650
Freight forwarding charges	53,978,953	52,288,019
Board of Directors' remuneration	2,100,000	1,800,000
Staff cost	46,792,615	44,973,192
Manpower subcontract charges	322,254	2,320,648
Depreciation of property, plant and equipment	25,737,683	25,126,293
Amortization of intangible assets	1,836,562	1,517,698
(Reversal of provision) / provision made for impairment on trade receivables (Note 9)	(1,678,000)	376,333
Repairs and maintenance	8,337,248	8,695,351
Legal and professional fees	653,457	806,194
Rent expense	751,875	854,550
Fuel cost	4,558,680	2,966,610
Water and electricity	4,401,086	4,752,393
Insurance cost	1,518,462	1,103,265
Communication and postage	539,464	497,292
Advertisement expenses	577,559	192,833
Travelling expenses	143,439	471,365
License and registration fees	664,039	1,436,335
Other expenses	<u>6,068,595</u>	<u>5,079,359</u>
	<u>168,263,106</u>	<u>170,643,380</u>

Gulf Warehousing Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2017

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16. EXPENSES BY NATURE (CONTINUED)

The above expenses are presented in the condensed consolidated statement of profit or loss and other comprehensive income as follows:

	31 March 2017	31 March 2016
	(Reviewed)	(Reviewed)
Direct costs	143,466,345	144,444,177
Administrative and other expenses	24,796,761	26,199,203
	<u>168,263,106</u>	<u>170,643,380</u>

17. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to shareholders of the parent by the weighted average number of shares outstanding during the period.

There were no potentially dilutive shares outstanding at any time during the period and, therefore, the dilutive earnings per share are equal to the basic earnings per share.

	For the three month period ended	
	31 March 2017	31 March 2016
	(Reviewed)	(Reviewed)
Net profit for the period attributable to owners of the Company	<u>50,522,411</u>	<u>46,553,284</u>
Weighted average number of shares (1)	<u>58,603,148</u>	<u>56,623,426</u>
Basic and diluted earnings per share	<u>0.86</u>	<u>0.82</u>

(1) Weighted average number of shares

	31 March 2017	31 March 2016
	(Reviewed)	(Reviewed)
Qualifying shares on 1 January	58,603,148	47,560,975
Effect of rights issue	-	9,062,451
	<u>58,603,148</u>	<u>56,623,426</u>

18. CONTINGENCIES AND COMMITMENTS

	31 March 2017	31 December 2016
	(Reviewed)	(Audited)
Letters of guarantee	29,475,799	29,715,022
Performance bonds	138,470,113	143,703,876
	<u>167,945,912</u>	<u>173,418,898</u>

The Group has entered into capital commitments relating to certain construction contracts amounting to QR 117 million (2016: QR 214 million).

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18. CONTINGENCIES AND COMMITMENTS (CONTINUED)

The future minimum rentals payable under non-cancellable operating leases were as follows:

	31 March 2017	31 December 2016
	(Reviewed)	(Audited)
Less than one year	4,939,240	4,331,220
Between one and five years	19,118,673	17,294,614
More than five years	<u>46,409,097</u>	<u>47,813,522</u>
	<u>70,467,010</u>	<u>69,439,356</u>

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation in the current period's financial statements. Such reclassification did not have any impact on the net profit or the net assets of the Group for the previous period.

Independent auditors report on review of condensed consolidated interim financial statements on page 1.